

Governor's Balanced Budget Proposal (April 10, 2012)

Balanced Budget

Beginning with appropriations for the 2013-2015 fiscal biennium, the legislature must adopt a four-year balanced budget for the state general fund (GFS) and related funds.

Current biennium:

The budget must leave a positive ending fund balance in the GFS and related funds.

Ensuing biennium:

The projected maintenance level of the budget in the ensuing biennium may not exceed the available fiscal resources in the ensuing biennium.

- Projected maintenance level means maintenance expenditures or as mandated by state or federal law, the amount of budget stabilization transfers, but excluding, for 2013-2017, the costs of enhanced basic education funding required under ESHB 2261 (2009) and the McCleary ruling.
- Available fiscal resources means revenues and resources estimated for the GFS or related funds, adjusted for enacted legislation, and with revenues adjusted to the greater of (1) the official forecast for the ensuing biennium, or (2) the official forecast for the second year of the current biennium increased for growth of 4.5 percent per fiscal year.
- Exceptions to the balance requirements are for "early action" budgets and years in which moneys are appropriated from the Budget Stabilization Account.
- "Related funds" means the Opportunity Pathways Account and Education Legacy Trust Account.

Economic and Revenue Forecast Council

The ERFC must oversee and approve a budget outlook. The revenue forecast prepared by the ERFC is prepared for an extended period: The current biennium, the ensuing biennium, and, in the case of specified forecasts, the following biennium. The ERFC must, in consultation with the Revenue and Forecast Work Group, make recommendations on improving revenue forecast methodology. Recommendations are due September 30, 2012, and every five years thereafter.

The state Treasurer is added to the ERFC membership; approval of the budget outlook require the affirmative votes of five members. If the ERFC cannot approve a forecast, the legislature prepares the Outlook for legislative purposes and the Office of Financial Management prepares an Outlook on the governor's budget proposal.

Budget Outlook:

The budget outlook is prepared by the State Budget Outlook Work Group and subject to the approval of the ERFC. Membership of the Work Group consists of one staff member from OFM, LEAP, Treasurer, Actuary, ERFC, Caseload Forecast Council, House Ways & Means, and Senate Ways & Means.

The budget outlook is prepared in November and updated for the enacted budget. An update is also prepared in January to reflect the governor's budget proposal. Resources and maintenance level expenditures are described. Maintenance level expenditures are defined expressly to exclude policy items and to exclude costs of court rulings issued during or within fewer than 90 days of the start of the current legislative session.

The State Budget Outlook Work Group must publish and make recommendations on its outlook methodology, due December 1, 2013, and every five years thereafter.